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ABSTRACT

Based on data provided by state directors of community/junior college education, this report reviews state approaches to community college financing. The report includes information from 41 states, representing 96.5% of the total community college enrollments in the country. Section I addresses state-level concerns in community college finance, indicating that the relative effectiveness of state-level agency activities is evaluated on the basis of how well the agency identifies resource needs, acquires the resources, allocates the resources, supervises the utilization of resources, and accounts for the use of resources. Section II provides brief summaries of the current financial situation in each responding state. Section III contains statistical data reflecting general trends and changes in sources of funds, expenditures per full-time equivalent (FTE) student, operating funds by source, capital outlay fund sources, and student fees. Finally, section IV analyzes trends and offers conclusions. (AYC)

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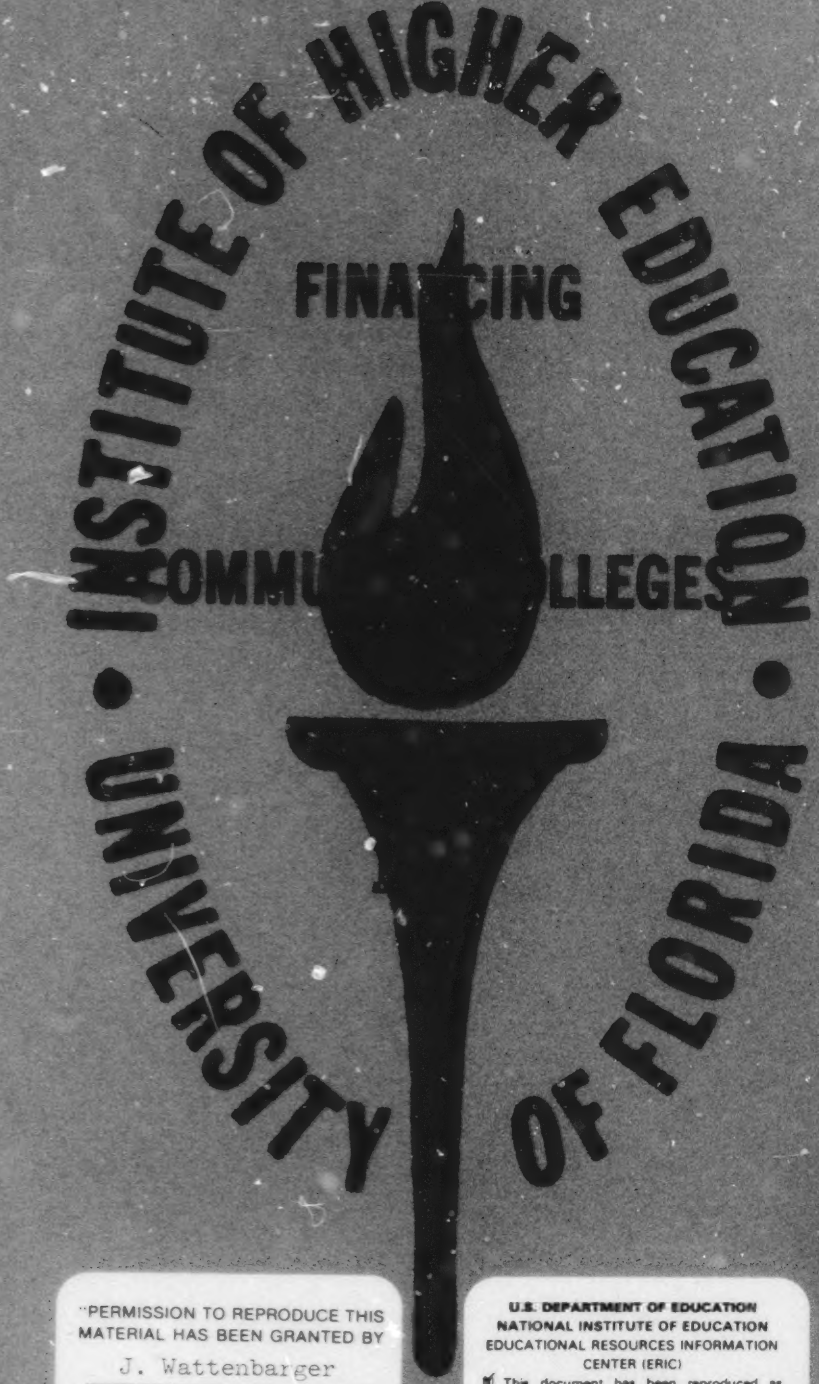

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FINANCING COMMUNITY COLLEGES
1985

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FOREWORD

The Institute of Higher Education, University of Florida, is pleased to present this the ninth in a series of publications relating to financing public community colleges. This as well as previous reports have been compiled as based upon information provided by the staffs of State Community College Agencies. We are indebted to them for their cooperation and help. A list of the individuals is in Appendix A.

This report for 1985 indicates that while most states have made no changes in their financial procedures for community colleges since 1983, there are others that are in the process of making rather drastic changes in the way funds are allocated within the state.

The major consistency in community college finance throughout the nine reports is the continuing fact that the mission of the American community college is not supported by the method of allocating financial support. The support is generally related to semester hours and FTE's emphasizing credit courses and with an increased amount of support for various types of categorical aid. In other words, support for some of the mission but not all of it. The support for the mission as stated in law and in catalog is continually reinforced by those who are specifically served by the community college as well as by the local public in general; the financial allocations, however, come mainly from legislative appropriations since the state portion is still the major source of support. Students, local public and legislators obviously don't agree with each other on the relative importance of various public services that effect the mission statements.

This report includes all states except South Dakota which reports that it has no community colleges. Eight other states did not send in report forms; these represent about 3.5% of the total enrollment.

Some of the ideas discussed in section one come from a manuscript prepared by Dr. Marshall McLeod, Provost, South Campus, Rappahannoch Community College in Virginia. We appreciate very much Dr. McLeod sharing these ideas with us.

The basic compiling of these data was carried out by Ms. Sherry Mercer to whom we are particularly indebted. The continued support of the State Directors for Community Colleges who provided the data is essential and we all appreciate that.

Partial financial support making the basic distribution of this report possible comes from the National Council of State Directors of Community/ Junior Colleges, an organization which has made this and previous reports a rewarding professional experience, that is to know that their data will be used for the benefit of community college development in all 50 states.

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July, 1985

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SECTION I

State-Level Concerns in Community College Finance

The variety of procedures used in financing community colleges has been well documented. Each of the fifty states has developed a system of higher education, most of them including the community junior college in some form, that is indigenous to the state under consideration and that employs somewnat different patterns of support for these institutions. There are some commonalities, however, that may be examined and evaluated. All institutions must have identifiable sources of income that are dependable, adequate, related to institutional needs and influenced, at least to some extent, by the institutional governance structure.

Traditionally the community colleges have been characterized by local control and, at least in some measure, by local financial support. However, limitations of local taxing potential along with a societal trend toward shifting taxation to a higher level of government have had an impact even upon this traditional community college procedure. In addition, there have been perceptible increases in local demand for educational services along with an inflationary increase in the costs of supplying them that have forced community colleges to seek funds from other sources. One of these other sources has been the federal government, another has been state government, and a third has been a much more active relationship with potential donors of gifts. Each of these sources has a price. In the case of state government, the price has been the creation of a comprehensive state-level organization for coordination and/or control of community colleges, often as a part of higher education in general.

[Note: This section includes many ideas developed in a manuscript prepared by Marshall McLeod.]

For many years the community colleges (junior colleges) chaffed under their identification as part of the secondary education or public school systems; now these colleges are generally recognized as a part of the higher education systems in the states. This change in recognition and in identification has resulted, however, in increased supervision and often increased interference in daily operations from the state agencies and from the state legislatures themselves.

In order to provide an avenue for accountability, legislatures have established various types of state-level agencies with various levels of authority and of responsibilities. These state-level agencies are in some instances operating boards and in other instances coordinating boards; they are separate agencies and they are parts of super agencies. They may have broadly defined functions or they may be limited to specific roles. Each state is different.

In spite of these differences, there are some elements of commonalty which may be described in theory and analyzed as a basis for evaluation. In simple terms, these agency activities may be outlined as a systems model of inputs, processes, outputs, and feedback. The relative effectiveness of state-level agency activities is evaluated on the basis of how well the agency accomplishes its tasks in relation to:

1. Identifying the Resource Needs
2. Acquiring the Resources
3. Allocating the Resources
4. Supervising the Utilization of Resources
5. Accounting for the Use of Resources

The identification of the resource needs for a state is more than the sum of the individual institutional requests. The state has responsibility to examine the total state needs and this is an ultimate decision of the legislature itself. In this particular instance, however, the state community college agency (SCCA) must examine the assigned mission of the community colleges and relate the mission to the projected activities of the institutions. The SCCA performs the roles of advocate, mediator, analyst, inquirer, and even prodder. The result must be an identification of what needs to be done and also that will be needed to do it.

The first of these activities necessitates a form of program review. What are the programs that are in operation? Where are these located? What are the overall manpower needs of the state? What are the population projections? What are the other demographic and socio-economic characteristics for the state? the region? the nation? the world? What are the gaps between the identified needs for education at this level and the program outputs in terms of graduates? The basic informational need is quantifiable; the more sophisticated need is for a qualitative analysis as well.

In order to make judgements relating to resource needs the SCCA must establish a common MIS as well as a procedure for assembling, presenting, and analyzing data. In some instances the SCCA will need to collect data which may not be needed by some of the colleges. In all instances the SCCA will need to base the state recommendations upon the accumulated data from the individual colleges. The final presentation, however, must take into account the state needs with the overall needs taking first priority.

The SCCA performs a leadership role in the process of acquiring resources. In all states community colleges receive their budgetary support from several sources: state appropriations, local taxation,

student fees, federal grants, and private gifts and grants. The major difference among the states is the proportion of the total which comes from each source. This difference includes the entire continuum from 100 percent coming from state funds and student fees to 100 percent coming from state and local funds. Federal funds provide only a small portion of the resources in all states at the present time, ranging from less than one percent to little more than five percent. One commonality is found, however; that is, that the portion coming from the state is increasing in all states.

The SCCA will have primary responsibility for defining that portion of the total support which comes from the state. There are a few states that provide line item appropriations for individual institutions; there are other states that provide a total lump sum appropriation for community colleges, either as a separate appropriation or as a part of the total for higher education; and there are other states that do both at the same time. In any case the SCCA is regarded as the focal point of information as well as for advocacy. The assembling and the presentation of budget requests in the required format to the designated arbiter, at the proper time is the very least that is expected of the SCCA.

There are, in addition, other services related to the identification of resources that the SCCA may provide. In some instances the SCCA may assist individual institutions in obtaining grants from both federal and foundation sources. A coordinated state-wide program development is often more attractive to donors that an individual institutional one would be; the active support of state level planning is an essential consideration in program development and in capital improvement grants. There is even a special place for the SCCA support in local bond issues and local tax referendums.

The allocation of resources may be a major activity of the SCCA, or it may be a rote dispersal. In most instances the legislature itself provides specific instructions for the allocation to individual institutions. These directions may be in t e statutes or they may be in the appropriations legislation itself. As noted above in a few states there is a line item appropriation making the allocation a very simple activity. A minimum of discretion is left to the SCAA in all cases.

The authenticity of the MIS and the data gathered through the system will provide the basic credibility that is required. The role of the SCAA will be to provide a fair, equitable, prompt, and legal administration of the instructions provided by the legislature and the state agency that supervises the state budget.

The utilization of the available resources is largely an institutional activity. The SCCA has more responsibility, however, than mere policing. An opportunity for leadership in developing good management procedures within the individual colleges is a primary obligation. The development of parameters and guidelines where needed is a SCCA role. The collection of management data that can be used as normative goals will assist each institution in making decisions which are appropriate for that college.

The SCCA will be expected to provide authentic, accurate, and defendable data relative to the community college system as a whole and these data can only be assembled from the institutions themselves. The supervisory role is one of coordination and not one of control.

The accountability responsibility is a major expectation for SCCAs and provides the basis for the credibility of the entire system. Increasingly legislatures are expecting accountability from institutions of higher education. As the portion of total support from the state has increased and as the availability of data has increased, the expectations of legislative

bodies are increased. The SCCA becomes the focal point for this reporting as well.

Some states provide that budgets and the budget revisions must be approved by the SCCA; other states provide for post audits that are prompt and inclusive; still others provide the SCCA with little real authority in carrying out this charge. In some cases an external audit derives information that serves as a basis for judging both efficiency and effectiveness. The MIS referred to above will be essential in this accountability responsibility.

The SCCA, while different in each state, carries out these responsibilities within a framework that is indigenous to that state. Some common principles might be identified, however:

1. The SCCA must be in a position to act in a leadership role rather than a directive role.
2. The SCCA must have adequate staff who are at the very least peers of the institution staffs - in terms of professional abilities and in terms of salaries.
3. The SCCA must provide liaisons with other state agencies.
4. The SCCA must have the responsibility to establish an MIS for the entire system.
5. The SCCA should be the sole avenue to be in direct contact with the legislature; institutions should work through the SCCA.
6. The SCCA should not become involved in institutional management problems and internal budget decisions.
7. The SCCA should be viewed as the primary agency responsible for overall planning and coordination. In that capacity program review, budget review, planning and system management are the focus of its activities with the basic responsibility for involvement beginning at the institution level coordinated at the state level.

SECTION II

Current Problems

The year 1985 finds community colleges as well as higher education in general in a state of uncertainty with contradictory trends in matters relating to financial support. There has been a great deal of analysis carried out in most states that was pointed toward providing increasing evidence of accountability and in some instances attempts to identify ways to contain and limit the costs of education. The forecasted decreases in enrollment did not always result in decreased requests because of inflation and other resultant increased costs. State leadership as well as institutional leadership report increased competition for students increased the emphasis on "quality" and increased the frustrations in accomplishing the mission of the community college.

This section presents a short report on the current situation in each state as identified by representatives of the SCCA in that state. Interpretations have been held to a minimum in order to provide a realistic self appraisal to be reported herein. Section IV will include general interpretations.

Alabama

Few changes have occurred in Alabama since the 1983 report. The portion of total state post secondary enrollment that attend the two year colleges is continuing to increase. An increased responsibility for the prison population has placed some undue burdens on the two year colleges. The problems reported in the last report are still recognized as the major problems.

Alaska

Alaska reports that a total system wide expenditure of $51,795,000. However, the university does not have comparable expenditure data for community colleges. Since all community colleges are established through the University of Alaska all funds are part of the community college fund through the University. Since the reported FTE was 6,126 and trends indicate enrollment is increasing, there are no enrollment decline problems at this point.

There are, however, three major problems related to financing the community colleges in Alaska. They include: no assured operating base; competition with university centers for funds; and lack of established local revenue base for support.

The first problem the community colleges face is the lack of an assured operating base. The state has changed the budget submission procedures each year for the last three years. The changes have resulted in the community colleges not having a defined operating base from year to year. In addition, other revenues at the community colleges tend to fluctuate from year to year. The combination of these two types of uncertainties make it very difficult to plan effectively.

The second problem the community colleges face is the competition with the university centers for state funding. In this competition the community colleges tend to come out second best because the university centers are located in larger population centers and offer programs that appeal to more members of the legislature. The legislature wants to "dump" the community college financial problems off to local areas. This brings up the third major problem: There is no local revenue. Without a local revenue base, specialized educational or training programs that would benefit the local economy and for which no state funding can be obtained cannot be provided.

Arizona

For 1984-85 the share of community college appropriated state general education funds is 3.7%; universities receive 25.2% of the educational funds. Yet the number of students served by community colleges is much higher. The Joint Legislative Committee on Community College Finance (1984) recommended that the current system of financing the system be modified. These recommendations will require formula changes. The operational fund request is that the state support percentage be set at 35% of the system's operational budget. Also of concern is that the legislature has not appropriated sufficient monies to fund fully current formulas for operations and capital monies. A study conducted in summer 1984 provided a basis for these increases and other changes in allocations. A recent (fall 1984) millage vote in Maricopa County successfully indicated strong public support for the community college program.

Arkansas

Arkansas reports that 1984-85 state funding improved significantly. The state contributes 73% of the operating funds with student fees contributing 22.9%. The formulas which are used to develop appropriation requests encompass eleven expenditure categories and equipment replacement. These include such categories as teaching salaries, academic support, research, public service, libraries, student services, institutional support, physical plant, utilities, scholarships and fellowships, equipment replacement, and transfers to auxiliaries. Institutions may request additional monies for programs or unique needs. Capital outlay is considered a local responsibility. Noncredit courses must be self-supporting.

California

Currently California still uses a type of minimum foundation funding formula. However, the existing finance legislation expires on July 1, 1987. Current funding procedures provide equalization funding in increments to equalize underfunded districts. Differential cost funding is proposed for implementation in 1987 to replace the current system.

In the differential cost funding system different workload measures are assigned different support categories. The workload measure proposed for insturction and instructional services is FTE. Headcount enrollment is proposed as the measure for Student Services. General Institutional Services plus Maintenance and Operations are not enrollment related. Allocation will be based on a formula combining these measures.

The battle over financing community colleges in California is one of the most noteworthy in the nation at this time. The Governor's emphasis on fees and the legislature's opposition have place the colleges in this state in a financial squeeze.

Colorado

This response is only for the state operated community colleges which total nine institutions. There are four colleges operated by local junior college districts. Statistics relative to them are not included.

The state has proposed a change from 100% variable funding per FTE to funding based on fixed costs and variable costs per student FTE. There is also a proposed change in the amount of funding. State share of operating funds is 67% and student fee share is 33%. The tuition increased of 13.6% since 1982 is due to the state revenue shortfall.

"Typically the legislature increases the funding rate per student by whatever percentage they feel is appropriate, based on need and state resources.

Higher education has done a massive recalculation of budget, using accepted budget formulas and increase assumptions, deriving from a 1980/81 base. Fund requests are based on that recalculation." This proposal funds certain costs as fixed and other costs are variable based on enrollment. It has been presented to the legislature and the issue is still pending.

Enrollment declines are a major problem in the system based entirely on enrollment driven allocations. Governing boards have the authority to maintain emergency reserves. These reserves and intercollege transfers have been used to aid colleges in decline. However, for the most part, the colleges must find the necessary reversion funds from internal economies. If system declines exceed 4%, the state requires only a 50% reversion of the per student funding, attributable to the shortfall in excess of 4%."

Two problems were emphasized in Colorado:

1. Declining revenue resulting from enrollment declines in a funding pattern entirely driven by enrollment and a final funding adjustment made after the close of the fiscal year;

   and

2. shortages even in allocations as a result of state revenues not meeting state needs.

The State Board has also concerned itself with "breaking up" the Denver Community College into five separate institutions, a reversal of trends generally noted in other large urban areas.

Connecticut

Connecticut has a new formula based budget system to become effective with the 1985-86 fiscal year. This formulas is heavily enrollment driven at a time when enrollment declines are occuring. The impact of enrollment declines are now being evaluated. With the new formula high cost programs will be differentially recognized.

Delaware

Delaware reports current operating funds are 79% funded by the state, 8% from student fees and 13% from federal sources. The average expenditure, based on fall of 1983 enrollment, was $3,002 for 6,212 FTE students. Salaries and fringe benefits were reported as the reason for increased in expenditures per full time equivalent student. The respondent believes these increases have been adequate to maintain quality in Delaware community colleges. Since 1982 the student fees have risen approximately 6%. All noncredit courses are self-sustaining.

No substantial plans have been implemented to aid colleges experiencing enrollment decline.

Florida

The primary goal of Florida's "new funding process is to provide the legislature with the capability to target funding to meet state priorities and to be able to determine when those priorities are being met. This results in individual appropriations for each of the colleges rather than a formula distribution of monies." This new method minimizes shifts in enrollment because "FTE enrollment is not a factor in the process except in workload change."

In effect this means that Florida community colleges are currently funded on a negotiated basis that has little resemblance to the former plan for allocating funds. Presidents report that they "have no clear ideas what the basis for funding their college may be." Amounts allocated are determined outside the college reports.

A limited number of noncredit courses are included in the regular funding program; however, other courses are offered on a self sustaining basis.

Georgia

Georgia reports enrollment declines are a problem, but report no procedures to aid colleges in decline. They do report a base increase of 4.5% for salaries, 5% for operating expenses, and 6.25% utility increases. Since 1982 there has been a 32% student fee increase.

The reported $4,358 for 14,902 FTE is based on 60 quarter credit hours. This is one of the highest expenditures per FTE reported. Noncredit courses are fully funded by fees for direct costs, but administrative costs are funded by the state.

Hawaii

No report was submitted. The community colleges are a part of the University of Hawaii.

Idaho

No report was submitted. There are two public colleges in this state.

Illinois

Based on unrestricted educational and general funds, Illinois spent $2,435 for 198,823 FTE. "The average state support per student has not increased over the past several fiscal years. Total community college expenditures are rising due to inflation, salary increases, and a number of other factors under the control of each district's local board of trustees." In the past two years student fees have increased about 33.7%.

"Program Enhancement Grants" were established in FY85 to improve programs in math and science in community colleges. Appropriated state funds are distributed through four grant programs to the colleges: credit hour grants, equalization grants, disadvantaged student grants and economic development grants.

Indiana

There is no community college or junior college system in Indiana. There are, however, two institutions, Vincennes University and Indiana Vocational Technical College with 13 regional institutes. They report that the state share for operating funds is 56.9% and student fees make up 42.5% of the total expenitures. Provisions for enrollment declines are made by minor adjustments in the enrollment based portions of the budget analysis.

Current expenditures are directly affected by inflation, plant expansion, enrollment changes, quality improvement projects funded, and new academic programs authorized. Non-credit courses are self sustaining.

Iowa

In Iowa, salaries and fringes represent 74.26% of total expenditures. State revenues have not been sufficient to fund requests. In 1984 there was a reversion of funds amounting to 2.8% of operating expenses and the fees have increased approximately 27% since 1982. Problems in Iowa include a decreasing enrollment prediction.

Kansas

Kansas reports no changes in financial support of community colleges since 1982. Student fees have increased 31% in that time period and account for 13% of operating funds for colleges. These operating funds include general funds, vocational education funds, employee benefits, adult supplemental, and adult education funds. When they are broken back out, 25% is contributed by the state, 61% by the local district, and 1% from federal sources.

For colleges in decline, property tax picks up the amount of deficit where expenditures cannot be cut. But it obviously does not totally solve the problem. Fall 1984 enrollment decreased 5.5% which caused problems. There exists a discrepancy in district valuation. One college is 27 million and another at 979 million. "There needs to be some base funding and some method to equalize especially in times of stable or decreasing enrollment."

Kentucky

In Kentucky, funds are allocated to the University of Kentucky Community College System in one lump sum. This sum is distributed to the colleges on the basis of uniform percentage for salaries and current expense items. Special allocations are also made to colleges on the basis of special program requests.

The $1,855 for 17,617 FTE includes only unrestricted general fund expenditures plus, expenditures for all self supporting programs.

It should be noted, that Kentucky also has community colleges operated through regional universities which are not reported in this study.

Louisiana

Louisiana revised the State Appropriations Formula for 1985. Primarily, this revision provides funds for operation and maintenance. Currently, the formula provides that no institution will receive less than the amount received in the previous year plus an increased utilities amount. The operation and maintenance formula will provide funds based on $2.57 per gross square foot of academic and support space. A utilization factor allows the full rate up to 175 GSF per FTE; after that rate all remaining GSF is funded at one half the rate.

Maine

No report was submitted. There are six vocational technical institutes and two campuses of the University of Maine.

Maryland

In 1984 the State Board for Community Colleges completed the "Study of State Funding of Community Colleges" in Maryland. The recommendations to the Governor are for FY 1986 that a) the amount of annual grant be increased by $270,000, b) the state amount per FTE be increased by $120 and for small colleges $315, and c) the aid per part-time student be increased by $10 per part-time student.

To aid in the declining enrollment environment the recommendation is to base state aid upon enrollment in the prior fiscal year or the average of the three previous fiscal years, whichever is greater. Maintenance of local effort policies should be maintained.

Massachusetts

Massachusetts returned detailed descriptive material for the budget request methodology and financial aid methodology but no specific data for 1982 through 1984 were available. The state intitiated a 25% of in-state fees for out of region tuition surcharges for 1984. A single Board supervises all of higher education in Massachusetts, the Board of Regents of Higher Education.

Michigan

Michigan has proposed a funding change based on differential instructional costs, taking into account enrollment and sets relational standards for non-instructional areas. The new formula will be determined by a rate per student contact hour, as different from a credit hour. A second consideration is that state aid will not be reduced following enrollment decline for a period of two years following that decline. The plan also includes an attempt to equalize local variances in property tax.

Minnesota

In 1983 the legislature approved a new allocation method. It relates funding to instructional programs, with variable costs, directly to student enrollment and requires that tuition revenue offsets be determined on the basis of a set percentage of instructional costs. The tuition percentage was set at 33% of the instructional cost, the survey form indicates 32% of

operating funds were supplied by tuition fees. The state uses "Average Cost Funding" as a basis for support.

The factor in the finance program that has created much discussion is the "Bulge" funding. Since 1978 the system has served a large number of students with less than full support. In 1977 the legislature, concerned with projected enrollment declines, capped state support at 20,235 FYE students, assuming the excess or "bulge" enrollment would be small and short in duration. In 1981 the legislature provided $861,000 for each year of the next biennium to offset partially the bulge enrollment that continued to grow. But revenue shortfalls of the early 80's eliminated this assistance. The 1983 legislauture provided one half of the appropriation needed to support the bulge enrollment when avererage cost funding was adopted. This "bulge" enrollment in 1983 was 4,389 FYE beyond the 1977 set 20,235 base.

The state system has also experienced a change in clientele which impacts the problem. There are more part-time returning students, handicapped and disadvantaged students which require additional funds.

A reserve fund is maintained to assist colleges which experience enrollment declines greater than three percent. Seventy two percent of the current full time faculty are at the top of the salary schedule. Increasing problems in this area is to be expected.

Mississippi

Mississippi indicated no actual change in laws, formulas or procedures for financing community colleges since 1982. However, the report indicates an "uncertain" answer in response to future changes in methodology for funding procedures. The trend to allocate funds independent of enrollment is continued in Mississippi. They report that approximately $100,000 is allocated to each district for support regardless of enrollment. Statute also provides a

hedge against rapdily dropping enrollment by specifying that each college will receive at least 97% of the previous year's funding regardless of enrollment.

Missouri

Missouri reports sources for operating funds as 42.9% state, with local 25.6% about equal with student fees at 24.9%. Federal sources account for 1.42% and other sources are reported as 5.16%. The expenditures for FTE as reported included the use of cash balances.

State aid has increased on the basis of the following inflationary guidelines, as well as an increase in a percentage of the total educational and general expenditures. These guidelines were applied to the budget prior to calculating state aid as a percentage of the Total Educational and General Budget. Inflationary increases include: personal services 6%; expense and equipment 3.5%; library 6%.

In the area of support to colleges for high cost vocational courses, the Coordinating Board is recommending that the state provide incentive funding. For those vocational credit hours each college has produced in occupation's which are expected to experience the greatest demand through 1995, additional funding will be provided.

Montana

Montana reports that approximately 52% of operating funds are derived from the state and 34.5% come from local sources. The unrestricted budget amounts for community colleges is based on 1,752 students which created a $3,473 cost factor. Student fees are reported as increasing 33% since 1982.

Capital outlay funds are reported as coming 100% from the "other" sources on the survey form, but the category is broken down by the respondent as 11%

loan, 43% state grant, 31% student fees and 15% donations. The total 1983-84 capital outlay amount was $700,000.

The state makes no aid provisions to colleges experiencing enrollment decline.

Nebraska

"The years 1983-84 and 1984-85 are the first years that local property taxes provided a larger share of revenue than state aid." The 1985-86 budget request asks for additional funding to offset the high property taxes. This request includes 5% for inflation, 3% for increased enrollment in high demand programs, 3% additional economics development, and 3% for property tax relief for a total increase of 14%.

Nevada

Nevada is requesting funding in the 1985-87 Budget Request to strengthen student/faculty ratios. The reported sources for operating budget was incomplete, but reported state share as 17.69%, no local, federal, or other, and a 23.3% share for student fees. The increase in student fees since 1982 was reflected as 25.2%.

New Hampshire

No report was submitted. The institutions in this state are designated as Technical Institutes and Vocational Technical Colleges. There are seven locations ranging in size from 275 to 1531 (October 1984).

New Jersey

New Jersey bases allocation on a differentially weighted cost funding system. 1983 was to be the first year for the model's application. But to ensure that each college did not have a funding loss due to enrollment decline

or the change in allocation method, every college was held harmless at 100% of the 1982 allocation. In 1984 the hold harmless was reduced to 95%. But, due to enrollment declines and a heavy emphasis on low-cost programs two colleges still needed hold harmless allocations, and to meet their 95% levels funds were reallocated from 17 other colleges.

Total operating aid of 94% of the total funds in 1984 is allocated on the basis weighted enrollments. The remaining 6% of the total funding is divided into two components: a base entitlement to each college of $100,000 plus a component divided according to each college's proportionate share of enrollments in technology and remedial course work which are two-high cost areas.

New Mexico

New Mexico's financing for community colleges has not changed significantly since 1982. Currently, the funding formula is based on the most recent academic year. However, the state is still moving toward the use of the base of the previous academic year. This new method means the funding would be based on the average enrollment of the three most recent academic years. This would serve to lessen the negative effects of the year-to-year fluctuations in enrollment. Aid to colleges experiencing enrollment declines for this period is in the form of phased reductions to lessen impact and permission to build fund balances.

Noncredit courses are supported by tuition and fees. Vocational education funds are administered through the state department of education.

New York

New York reports that in general quality of programming has been maintained. However, belt tightening has occured in preventive maintenance and equipment. Additionally, increases have not kept pace with technically-oriented program inflationary cost. To aid in enrollment decreases and funding problems, in 1984, a campus could use a three-year weighted average formula for calculation of FTE. Supplemental state aid was available for technical program FTE and business program FTE enrollments.

Current operating funds are provided through 32.6% state aid, 21.4% local aid, 30.6% student fees, and 2% federal contributions. The 1982-83 funds included 13.4% "other" out-of-state-tuition, gifts and grants but the 1983-84 data was not complete for "other" contributions at survey time.

North Carolina

This state's expenditure per FTE is not reported in the tables. The breakdown provided by the state is $1,859 per 86,665 curriculum FTE; $1,403 per 7909 adult basic education FTE, $1,140 per 4163 adult high school FTE and $1,075 per 31,356 other extension FTE. These do not include $16,286,955 in equipment and library funds. The state reports a 30.8% increase in student fees. Noncredit courses are funded at one-half the rate for curriculum FTE.

North Carolina is providing for anticipated enrollment declines.

North Dakota

No report was submitted. Six public institutions are listed, two of which are associated with a state college or a university.

Ohio

In 1981 Ohio approved a revised budget subsidy formula revision to protect colleges against funding losses due to inflation and enrollment declines. The process is in two parts. The overall allocation request for higher education relies on the traditional formula model based on enrollment forecasts etc. Once the total fund amount is determined, then the revised subsidy formula is used to allocate funds among the individual colleges. Five cost components have been identified as direct instructional costs, support costs, plant costs, student services, library acquisitions. Within these components some elements have been identified as fixed costs and others are variable costs related to enrollment decline. For fixed costs the distribution is uncoupled entirely from enrollment change. In direct instructional costs, if growth in enrollment occurs then full support is provided. If decline occurs, the core costs of existing programs are protected while allowing the cost of multiple course sections to decline following a two-year buffering period.

Again, for support costs, where growth occurs full support is provided. However, in decline half the enrollment-based support is protected while the other half declines following a one year buffering period.

Selected student services is based on headcount rather than FTE enrollments. Growth support is fully supported and in declining enrollments one half of the support from the enrollment base is protected while the other half declines following a one year buffering period.

For library acquisition costs all funds are removed entirely from enrollments and are distributed consistent with the library needs of various academic progress.

Plant cost funds are removed entirely from enrollments and based on the actual types and needs of operating space.

Additionally, support through regular subsidy formulas for remedial courses, program in excellence and systemic replacement of instructional equipment is provided.

Oklahoma

Oklahoma reports that nearly 35% of students in public higher education in Oklahoma are in two year colleges.

The state estimates an expenditure of $2,625 per full time equivalent student. Currently the state contributes 79.7% of operating funds, with "0" local contribution, and 12.4% student fee contributions. An additional 7.9% is reported in other sources for operating funds.

Constrained general revenue funds are reported as the major problem.

Oregon

The largest source for operating funds for community colleges is 38.7% from local sources. The state provides 27.6%, student fees 18.3% and other 4.4%. For 1983-84 the state's total general fund expenditures less ending fund balance resulted in a $3,023 expenditure for 52,921 FTE. Student fees have changed 21.6% over the past two years.

Oregon is experiencing some proposed changes in financing community colleges. The governor is proposing a sales tax which would be earmarked for secondary, elementary and postsecondary education. Also proposed is the establishment of tax bases for each community college pegged at 1984-85 total levy.

Pennsylvania

Beginning with the 1983-84 fiscal year, the maximum amount paid by the state per student has been raised to $2,400. Additionally, the state will pay $300 per FTE for enrollments in non-liberal arts programs.

The share of operating funds is 33 1/3% local, 33 1/3% student fees, and 33 1/3% state support. The respondent reports that the local support is inadequate and that the limited tax base is a problem for future funding.

The states' noncredit courses are funded the same as the credit system courses.

Rhode Island

Reported sources for operating funds are 74% state and 23% student fees. Since 1982, student fees have increased about 10%. In a time of enrollment decline and inflation, Rhode Island has a special problem. The state has a 5.5% budget cap that does not allow for growth. Declining enrollment will result in less revenue. At the same time, the high technology courses which comprise almost 50% of programs are the most costly to run.

South Carolina

South Carolina reports that the state has adopted a procedure to aid declining institutions. "The formula allocation process averages the previous year with the new year funding which 'buffers' the linear impact of funding changes attributed to enrollment increases or decreases." Recent increases have been predominantly in the area of salary increases.

South Dakota

There are no public community colleges in South Dakota.

Tennessee

Tennessee reports that the state does not calculate an average expenditure per full time equivalent student. According to the Synopsis of Revisions Higher Education Funding Formula for FY85-86, a major revision was recommended for the funding formula. The revision changes the method for calculating the instructional cost factor in the formula. Prior to the change, that part of the formula has placed emphasis on historical expenditures in instructional categories with an average salary catch-up adjustment based upon southern region averages. The new calculation divides the projected student credit hour production by student/staff ratios to determine the number of instructional personnel required. This number is then multiplied by the average salary factor of peer institutions in other states.

The Legislative goals - called Bragg marks - are:

1) An increase in the percentage of students who enter four-year university degree programs and who subsequently earn baccalaureate degrees.
2) An improvement in the average National Teachers Examination scores of students enrolled in public university teacher preparation programs.
3) An increase in the scores of public university entry-level students on the composite tests of ACT and SAT.
4) An improvement in standardized examination scores of graduating seniors at public universities.
5) An increase in the number of students from public universities who pass all parts of professional licensing examinations on the first attempt in fields for which a licensure examination is required.

6) An improvement in test scores of students entering graduate schools within public universities as measured by such national examinations as the GRE.

7) An increase in the measured knowledge of graduates of public university graduate and professional programs.

8) An improvement in the library holdings of the public technical institutes, community colleges, and universities.

9) For those universities who defined role includes research an improvement in the ranking of the public universities' research activities as measured by additional external grants and gifts received for sponsored research (recognized, however, that changes in federal research policies are beyond the control of individual institutions or the State of Tennessee).

10) An improvement in the support given to public universities, public service programs as measured by additional external funds received for such activities.

11) An important in the job placement rate by specific vocational fields studied for all vocational graduates of area vocational schools, technical institutes, and community colleges.

12) An improvement in the correlation of specific vocational fields of study offered by area vocational schools, technical institutes, and community colleges with th- specific vocational needs of each service area of the state as determined by projections of the State Departments of Planning, Employment Security, Economic and Community Development, and Labor.

13) The implementation by public universities of policies which ensure that no credit offered for course which provide remediation for high school deficiences will apply toward minimum degree requirements for graduation.

14) A reduction in those courses now offered for degree credit by public technical institutes and community colleges which serve as remediation for high school deficiencies (recognizing that until such time as the basic skills possessed by all high school graduates in Tennessee are significantly improved, these institutions will continue to have a significant remediation responsibility).

It is the legilsative intent that for each institution of higher learning there shall be annual measurable bench marks as well as a list of specific achievements to be realized by the end of the fifth year presented to the special committee of the General Assembly created by Section 13 of this act. These annual measurable bench marks will set the standard for evaluating progress toward the goals, as stated. Where possible, these bench marks and goals will have the complete agreement of the State Board of Regents, the University of Tennessee Board of Trustees, and the Higher Education Commission for the various campuses of higher education in the state of Tennessee. Where specific bench marks and/or goals cannot be agreed upon, the final decision shall be made by the special committee after presentations by the State Board of Regents, the University of Tennessee Board of Trustees, and the Higher Education Commission. It is the legislative intent that the base bench mark for comparative purposes shall be the 1983-84 academic year and that predicted bench marks and goals shall be presented to the special committee no later than February 15, 1985.

Texas

Texas had had no changes in procedures, formulas, or laws in funding for community colleges since 1982, nor are they anticipating a change. The state reports that approximately 61.7% of current operating funds are provided by state appropriations. Capital outlay funds are 100% funded through local taxes, supplemented by student fees gifts and grants. Although these supplemented amounts are not reported as percentage breakdowns in the survey. Student fees have not increased, but it is reported there is currently legislative discussion in this area.

No provisions are reported by the state to aid colleges with enrollment declines. The state is facing a $1 billion revenue shortfall. Therefore, less funding is expected for the immediate future.

Texas formula for allocating funds uses a cost per contact hour breakdown as a basis for disbursement.

Utah

No report was received from this state. Five colleges are listed, two of which are designated as Technical Colleges.

Vermont

No report was received. Only two public colleges are listed.

Virginia

Appropriation increases generally are the results of predetermined formulas applied to increased enrollment levels. However, the Virginia Community Colleges have not experienced significant enrollment increases during the past year, therefore any increases in funds have been attributable to salary adjustments. There has been expression that the state should move away from enrollment driven formulas. No specific proposals have

as yet been made, however.

Out of state students pay a tuition fee equal to 100% of the average operating costs. Enrollment declines have resulted in much controversy spread in news media over cut backs. The Governor has been quoted as favoring a sizable cut in faculty.

Washington

Washington reports a change has taken place in procedures for funding community colleges. "The state legislature employed a simple procedure of escalating current expenditure levels for inflation, and has abandoned the use of formulas in establishing operating budget appropriations." However, the State Board Office apportions college appropriations through formulas.

The total state community college enrollment is not declining. However, some districts are in decline while others are growing. Redistribution of funds from declining districts to growth districts is taking place.

West Virginia

West Virginia reports no changes in funding procedures since 1982. However, the survey response indicates "amount per FTE actually declined over the last five years due to increased enrollment" and lack of funding increases. The small amount of fund increases has been barely adequate to maintain quality.

Wisconsin

No report was submitted. Forty five location are listed, however. These may be classified as either a part of the University Center System or a part of the Vocational Technical and Adult Education System.

Wyoming

Wyoming's negotiated basis for providing state funds continues. Since 1982, the percentage contributed to operating funds from local aid increased 2%, from 26% to 28%. The state aid remained at 63% and student fees contribution increased from 8% to 9%. An August 15, 1984, "Legislative Service Office Staff Audit Report," indicates that, originally, state aid by statute was to be supplementary to the local contribution for operating funds. The report states that the colleges, Community College Commission, and Legislature have ignored this original intent. In 1967, Wyoming reported in response to this same survey that the state supplied 31% of funds.

Also, the 1983 survey reports that the states' most significant problem was too much money. In 1985, the respondent reports that the problem of significance is too little state control for the amount of state dollars in the system. The Wyoming Legislative Service Office Aduit Report of August 15, 1984 recommended the establishment "... of a state board of trustees to govern the entire system..."

Summary

It would appear that declining enrollment or anticipation of declining enrollment has become a major factor in financing higher education. The desire to maintain a level of financial support without regard to FTE is almost a universal objective. The only state which seems to have developed a truly comprehensive program for such a sensitive reaction to financing is Ohio. Most if not all of the other states have only tinkered with the problem; none have solved it.

A second area of attention has been the recognition of differential program costs. A number of states have attacked this problem as well. Some seem to be developing some success. The ability to analyze actual costs using the computer makes possible procedures that were not available in earlier years; however, no state has taken good advantage of that capability.

SECTION III

Statistics

The following tables provide data based on information reported by each state agency for 1983-84. In some instances, the data were taken from printed supplementary information provided by the state. The results indicate general trends and changes that have occurred over the years.

In using these data one must be very conscious of the relative comparability of these statistics. There are differences in definition, in ways in which the totals are calculated, and in the use of the figures even in the same state from year to year. For example, states are not consistent in items which are included in total expenditures. During one year the totals may include all expenditures including auxillary services while in another year these are not included. There are several instances herein where the state officials have recalculated statistics for previous years in order to develop some comparability. In some instances 30 semester hours is used as a definition of an FTE while 40 semester hours is used at another time. When the range of differences is great, further explanation or discussion may be needed. This report often does not have those data.

Table 1

Table 1.A presents a comparison of the sources of funds computed as an average percentages for the total number of states reporting. Table 1.B reports the same information in the form of median percentages.

The report published in 1983 based on 1982 data indicated a peak of state support had apparently been reached. The 1982 average percentage of state support for operating funds declined from 58.4% to 53% in 1984. This decline of approximately 5.4% is an indication of the economic and fiscally competitive

environment for the community/junior college at the state level. Similarly, federal support declined from 4.6% in 1982 to 2.6% in 1984. The sources of local support and student fees contributed essentially at the same percentage in 1984 as in 1982; but there are some indications that "other" sources for operating funds are increasing. The breakdown of these "other" sources are not readily available from this study, however. These could come from gifts, grants, etc.

Table 2

Table 2 lists the states from which no survey instruments were returned. This total amounts to 3.5% of the total public community college enrollment in Fall 1983.

Table 3

Table 3 shows a rank order of expenditure per FTE from the states reporting. The minimum expenditure is $1,830 with the maximum reported as $4,352 per FTE. The median is $2,559 for 1984 compared with a range of $1,566 to around $4,500. A median of $2,350 was reported in 1982. One should note that a few states may interpret this question as state expenditures and that interpretation affects the total figure, making it comparably lower than other states.

Table 4

Changes in reported expenditure per FTE from 1982 to 1984 indicate a continued trend of great variability. There appears to be no discernable pattern. These data were taken directly from the survey instrument and portray the actual number reported by the state agencies. Three states reported a decrease in expenditures per FTE in 1984 from 1982 while in 1982 only one state reported a decrease from 1980. (That state was Utah;

no report from Utah is included herein, however). In this survey, Alabama reports a 1% decrease, Indiana an 11% decrease, and Nebraska an 8% decrease, the latter a change from an increase of 36% from 1980 to 1982. The remaining states increased expenditures in 1982 and again increased expenditure per FTE in 1984.

Table 5

Each of the 41 states is listed with reported percent of 1984 operating funds by source. The 1984 statistics are similar to the statistics reported in 1982.

Table 6

There appears to be no important shift of capital outlay fund sources from 1982 to 1984. However, there seems to be a slight reported percentage increase in the "other" category.

Table 7

The overall percentages of sources of operating funds for 1984 compared to 1967 shows some interesting changes. There appears to be a decrease in local support with an increase in state support from 1967 to 1984. The basic question is whether or not state support has peaked.

Table 8

This table displays the percentage that student fees have increased between 1982 and 1984. While the range is exte sive, one should note that the increase in a single state is as high as a 50% increase and as low as a 4% increase. The table further lists the procedure for charge back (i.e., charging the district of student residence for students who attend from out of district). There are few states which provide for this.

It is surprising to note that fifteen states report that they provide no support for non residents. Such students are apparently expected to pay full cost or even more.

Table 9

This table, taken from the institutional reports in the 1985 Directory of the AACJC, show the range of tuition and required fees in each state for 1984-85. A wide diversity of changes is shown, even in a single state. The lowest fee is apparently $20 in New Mexico and the highest is $3,935 also in New Mexico. One should note that the highest fee is a military institute and that the highest fee in most states is charged by two year university centers or by technical vocational colleges. The district operated community colleges tend to be in the middle ranges of charges.

Table 1

(A)

Comparison of State Support, Local Support, Student Fees, and Federal Support (Average Percentages) of Current Operating Funds

	1984 %	1984 Range %	%
State Support	53	17.7 -	95
Local Support	15	0 -	47*
Student Fees	20	0 -	42.5
Federal Support	2.6	0 -	18.6
Other	5*	0 -	22*

*Top ranges are 1982-83 revenue data from Arizona. 1983 data are not available.

Table 1

(B)

Comparison of State Support, Local Support, Student Fees, and Federal Support (Median Percentages) of Current Operating Funds

	1984 %	1984 Range %	%
State Support	61	17.7	95
Local Support	8	0	47*
Student Fees	23	0	42.5
Federal Support	1.5	0	18.6
Other	4	0	22*

*Top ranges are 1982-83 revenue data from Arizona. 1983 data are not available.

Table 2

States From Which No Data Were Reported

No Data Reported	Fall 1983 Enrollment (Public)
Hawaii	23,199
Idaho	4,984
Maine	8,994
New Hampshire	4,875
North Dakota	7,847
Utah	17,983
Vermont	702
Wisconsin	96,582
8 States Total	165,166
Total U.S.	4,660,248
% of Total Enrollment	3.54%

Note: South Dakota reports that there are no two year colleges in that state.

Source: AACJC Directory.

Table 3

Rank Order of States by Reported Expenditure Per FTE 1984

State	Reported FTE	Reported Expenditure/FTE
Georgia	14,902	$ 4,352
Wyoming	12,000	3,900
New York	132,824	3,524
Montana		3,473
Rhode Island	7,282	3,328
Florida	143,382	3,161
Arkansas	6,663	3,146
Missouri		3,027
Oregon	52,921	3,023
Delaware	6,212	3,002
New Jersey	73,153	2,946
Michigan	124,290	2,908
Virginia	57,492	2,819
Ohio (1982-83)		2,750*
Washington	82,317	2,649
Maryland	65,882	2,692
Oklahoma		2,625
Colorado	21,985	2,559
Arizona (1982-83)	54,748	2,448*
Connecticut	14,075	2,545
Illinois	198,823	2,435
Mississippi	45,620	2,424
Nevada	7,384	2,361
Indiana		2,304
Kentucky	14,130	2,313
Nebraska	15,819	3,385
Kansas	26,482	2,298
West Virginia	5,358	2,260
Iowa	56,576	2,224
New Mexico	1,047	2,058
Louisiana	5,321	2,208
Pennsylvania	80,878	2,161
California	705,648	2,160
South Carolina	34,478	2,078
North Carolina	86,665	1,859

Table 3 (cont'd)

State	Reported FTE	Reported Expenditure/FTE
Alabama		1,830
Minnesota	24,439	3,135
Alaska	Reported expenditures vary greatly across colleges.	
Massachusetts	Not calculated.	
Tennessee	No calculation reported.	
Texas	Reported as expenditure per hour rather than per FTE.	

*1982-83.

Table 4

Changes in Reported Expenditure per FTE 1984 to 1982

State	1984	1982	Percentage Change (Two Years)
Alabama	1,830	1,841	(1.0)
Alaska	N/A	N/A	N/A
Arizona	2,448	2,336	4.0
Arkansas	3,146	2,605	20.7
California	2,160	2,021	6.0
Colorado	2,559	2,336	9.0
Connecticut	2,545	1,930	32.0
Delaware	3,002	2,814	6.0
Florida	3,161	2,673	18.0
Georgia	4,352	N/A	N/A
Illinois	2,435	1,973	23.0
Indiana	2,304	2,595	(11.0)
Iowa	2,224	N/A	N/A
Kansas	2,298	1,987	15.7
Kentucky	2,313	2,141	8.0
Louisiana	2,208	N/A	N/A
Maryland	2,692	2,452	7.6
Massachusetts	N/A	2,325	N/A
Michigan	2,908	2,609	11.0
Minnesota	3,135	2,574	26.7
Mississippi	2,424	2,159	12.0
Missouri	3,027	3,017	0
Montana	3,473	N/A	N/A
Nebraska	3,385	3,712	(8.0)
Nevada	2,361	N/A	N/A
New Mexico	2,058	N/A	N/A
New Jersey	2,946	2,319	27.0
New York	3,252	2,828	14.0
North Carolina	1,859	1,566	18.0
Ohio	2,750	2,450	N/A

Table 4 (cont'd)

State	1984	1982	Percentage Change (Two Years)
Oklahoma	2,625	2,434	7.0
Oregon	3,023	2,557	18.0
Pennsylvania	2,161	N/A	N/A
Rhode Island	3,328	2,932	13.0
South Carolina	2,078	1,739	19.0
Tennessee	N/A	2,365	N/A
Texas	N/A	N/A	N/A
Virginia	2,819	2,324	21.0
West Virginia	2,260	N/A	N/A
Washington	2,649	2,203*	20.0
Wyoming	3,900	3,300	18.0

*Corrected to eliminate community service instruction.

Table 5

Percent of 1984 Operating Funds by Source

State	State %	Local %	Student Fees %	Federal %	Other %
Alabama	60.0	0.5	21.0	19.0	0.5
Alaska	74.9	2.13	11.1	3.0	6.4
Arizona*	22.0	47.0	9.0	0	22.0
Arkansas	73.0	0	22.9	1.0	3.1
California*	66.0	28.0	0	6.0	0
Colorado	67.0	0	33.0	0	0
Connecticut	75.0	0	15.0	9.0	1.0
Delaware	79.0	0	8.0	13.0	0
Florida	69.0	0	24.0	4.0	3.0
Georgia	77.0	0	22.0	0	1.0
Illinois	34.5	35.7	25.5	.2	4.1
Indiana	56.9	0	42.5	.6	0
Iowa	50.5	10.79	27.63	7.0	4.74
Kansas	25.0	49.0	13.0	1.0	12.0
Kentucky	63.0	0.5	20.0	6.9	9.6
Louisiana	72.9	0	26.8	.3	0
Maryland	34.0	33.0	31.0	0	2.0
Massachusetts**	N/A				
Michigan	36.9	25.5	32.4	0	5.2
Minnesota	66.0	0	33.0	1.0	
Mississippi	56.0	14.0	19.0	9.0	2.0
Missouri	42.9	25.5	24.9	1.4	5.1
Montana	52.4	34.5	8.2	0	4.6
Nebraska	39.8	41.9	14.8	1.4	2.0
Nevada	17.7	0	23.3	0	0
New Mexico	75.4	76.5	16.1	1.6	.4
New Jersey	26.6	33.9	34.0	.2	5.3
New York	31.6	21.9	31.4	1.9	13.2
North Carolina	77.1	11.6	6.8	4.3	0
Ohio	47.0	13.0	34.0	.2	4.0
Oklahoma	79.7	0	12.4	0	7.9
Oregon	27.6	38.7	18.3	0	4.4
Pennsylvania	33.3	33.3	33.3	0	0
Rhode Island	74.0	0	-23	0	0
South Carolina	50.9	8.45	19.1	18.6	2.5

Table 5 (cont'd).

State	State %	Local %	Student Fees %	Federal %	Other %
Tennessee**	69.0	0	23.9	0	7.1
Texas	61.7	0	0	0	38.3
Virginia	70.9	0	25.1	2.6	1.4
Washington	95.0	5.0	0	0	0
West Virginia	67.0	0	20.0	3.0	10.0
Wyoming	63.0	28.0	9.0	0	0

*Data reported are 1982-83 revenues by source.
°°Data not reported by state in percentage by source format.
**Data are projected 1984-85 figures. "Other" includes some federal dollars.

Table 6

Percent of 1983-84 Capital Outlay by Source
(As defined by each state's building and/or equipment defintions)

State	Local Taxes %	State Appropriations %	State Bonds %	Other %
Alabama		100		
Alaska		100		
Arizona	*	*	*	*
Arkansas		N/A°		
California		N/A		
Colorado		100		
Connecticut	0	0	0	0
Delaware		7	93	
Florida		100		
Georgia		100		
Illinois	67	33	33	
Indiana		42.5		57
Iowa	N/A°°	N/A	N/A	N/A
Kansas	100			
Kentucky		100		
Louisiana	0	0	83	17
Maryland	50	0	50	0
Massachusetts	N/A			
Michigan	100	0	0	0
Minnesota	0	12	88	0
Mississippi				10
Missouri	*	0	*	*
Montana	0	0	0	100*
Nebraska	*	*	*	0
Nevada	0	0	0	0
New Jersey	50	50	0	0
New Mexico	N/A	2.5	97.5	N/A
New York	50	50	0	0
North Carolina	67.1	32.9	0	0
Ohio	0	0	100	0
Oklahoma	0	0	0	0
Oregon	100	0	0	0
Pennsylvania	50	50	0	0
Rhode Island	0	100	0	0
South Carolina	0	0	60.41	39.5

Table 6 (cont'd)

State	Local Taxes %	State Appropriations %	State Bonds %	Other %
Tennessee	0	100	0	0
Texas	100**	0	0	0
Virginia	0	68.7	0	31
Washington	0	0	100	0
West Virginia	0	0	0	10
Wyoming	80	10	0	1

*Indicate states reporting no percentage breakdown, but capital outlay funds are derived from the starred sources.

**Montana reported capital funds in "other" with the following breakdown: 11% loan, 43% state grant, 31% student fee, 15% donation.

***Supplemented by fees, grants, gifts, and a small amount of federal dollars.

°Reported as "Not available, local responsibility for handling construction and maintenance."

°°Reported source as plant fund from general operations funds derived from plan fund tax levy.

Table 7

Percent of 1984 Operating Funds Compared With
Percent of 1967 Operating Funds by Source

	State 1967-1984	Local 1967-1984	Fees & Tuition 1967-1984	Federal 1967-1984	Other 1967-1984
Alabama	59 - 60	0 - .5	18 - 21	21 - 19	2 - .5
Alaska	N/A - 75	N/A - 2	N/A - 11	N/A- 3	N/A - 6
Arizona*	47 - 22	43 - 47	1 - 9	3 - 0	6 - 22
Arkansas	32 - 73	31 - 0	25 - 23	10 - 1	2 - 3
California*	32 - 66	60 - 28	0 - 0	3 - 6	5 - 0
Colorado (State)	40 - 67	31 - 0	15 - 33	2 - 0	12 - 0
Connecticut	79 - 75	0 - 0	20 - 15	1 - 9	0 - 1
Delaware	100 - 79	0 - 0	0 - 8	0 - 13	0 - 0
Florida	59 - 69	11 - 0	26 - 24	5 - 4	1 - 3
Georgia	- 77	- 0	- 22	- 0	- 1
Illinois	31 - 35	47 - 36	12 - 26	2 - 2	8 - 4
Indiana	13 - 57	2 - 0	31 - 43	10 - .6	44 - 0
Iowa	55 - 51	17 - 11	14 - 28	12 - 7	2 - 5
Kansas	17 - 25	40 - 61	14 - 13	5 - 1	24 - 0
Kentucky	98 - 63	0 - .5	0 - 20	2 - 7	0 - 10
Louisiana	N/A - 73	N/A - 0	N/A - 27	N/A - .3	N/A - 0
Maryland	21 - 34	47 - 33	25 - 31	6 - 0	1 - 2
Massachusetts	71 -N/A	0 -N/A	25 -N/A	4 -N/A	0 -N/A
Michigan	36 - 37	26 - 26	29 - 32	2 - 0	7 - 5
Minnesota	71 - 66	0 - 0	27 - 33	2 - 1	0 - 0
Mississippi	39 - 43	35 - 14	11 - 19	4 - 9	4 - 15
Missouri	31 - 43	37 - 26	17 - 25	5 - 1	10 - 5
Montana	59 - 52	20 - 35	17 - 8	4 - 0	0 - 5
Nebraska	26 - 40	35 - 42	33 - 15	0 - 1	6 - 2
Nevada	4 - 18	0 - 0	34 - 23	0 - 0	62 - 0
New Jersey	50 - 27	25 - 34	25 - 34	0 - .2	0 - 5
New Mexico	75 - 75	7 - 7	15 - 16	3 - 2	0 - .4
New York	32 - 33	38 - 21	21 - 31	2 - 2	7 - 13
North Carolina	79 - 77	11 - 12	8 - 7	2 - 4	0
Ohio	36 - 47	25 - 13	30 - 34	2 - 2	7 - 4
Oklahoma	59 - 80	4 - 0	32 - 12	0 - 0	5 - 8
Oregon	48 - 28	22 - 39	23 - 18	7 - 0	0 - 4
Pennsylvania	31 - 33	31 - 33	31 - 33	7 - 0	0 - 0
Rhode Island	63 - 74	0 - 0	18 - 23	1 - 0	18 - 0
South Carolina	N/A - 51	N/A - 8	N/A - 19	N/A- 19	N/A - 3
Tennessee	62 - 69	0 - 0	13 - 24	15 - 0	10 - 7

Table 7 (cont'd)

	State 1967-1984	Local 1967-1984	Fees & Tuition 1967-1984	Federal 1967-1984	Other 1967-1984
Texas	51 - 62	30 - 0	19 - 0	0 - 0	0 - 38
Virginia	79 - 71	0 - 0	11 - 25	10 - 3	0 - 1
West Virginia	N/A - 67	N/A - 0	N/A - 20	N/A - 3	N/A - 10
Washington	76 - 95	0 - 5	13 - 0	11 - 0	0 - 0
Wyoming	31 - 63	43 - 28	17 - 9	4 - 0	5 - 0

*1982-83 revenue funds used as data. State did not report operating funds by revenue.

Table 8

Information Relating to Financial Support - 1984

State	% Fee Increase 1982 to 1984	Charge Back Policy	State Provided Support for Non resident
Alabama	1.0	No provision	Yes
Alaska	1.4	None	Yes
Arizona	4.0	Yes	Yes
Arkansas	10.0	No provision	Yes
California	Fees levied 1984-85 for first time	Yes	Yes
Colorado	13.6	None	Some is provided for small colleges with enrollment problems
Connecticut	14.3	None	Yes
Delaware	6.0	None	Yes
Florida	5.0	No provision	Yes
Georgia	32.0	No provision	
		Out of state student fee triple resident fees	Yes
Hawaii	--	No data	--
Idaho	--	No data	--
Illinois	33.7	Provided for in statutes	No
Indiana	13.3	No provision	Yes
Iowa	27.0	No provision	No
Kansas	31.0	Yes	No
Kentucky	20.0	No provision	No
Louisiana		Yes, through state contracts	Yes
Maine	--	No data	--
Maryland	14.2	Yes	No (except W. Va.)
Massachusetts	--	No provision	--
Michigan	25.0	No direct provision, state formula includes higher tuition contribution for out of district	Yes
Minnesota	50.0	No provision	Yes
Mississippi	17.5	No provision	No
Missouri	Fees set by each college	No provision	No

Table 8 (cont'd)

State	% Fee Increase 1982 to 1984	Charge Back Policy	State Provided Support for Non resident
Montana	33.0	No provision	Yes
Nebraska	8.0	No provision	Yes
Nevada	25.2	None	Yes
New Hampshire	--	No data	--
New Jersey	12.0	Available where there is no county college or program. Pay resident fee and rest charged back.	No
New Mexico	0	No	No
New York	Fees vary across colleges	Yes	Yes
North Carolina	30.8	None	Yes
North Dakota	--	--	--
Ohio	9.0	At discretion of each institution	No
Oklahoma	21.4	No provision	Yes
Oregon	21.6	No provision, each college sets fee	No
Pennsylvania	11.3	No provision	No
Rhode Island	10.3	No provision	No
South Carolina	14.8	Yes, up to 100% of cost. Out of state, 45% of cost.	Yes
South Dakota	No data		
Tennessee	11.7	No	Yes
Texas	--	No provision	Yes
Utah	--	No data	--
Vermont	No data		
Virginia	42.0	No provision	No
Washington	11.9	None. Out of state charged full cost.	No
West Virginia	37% resident 33% non-resident	No provision	Yes
Wisconsin	--	No data	--
Wyoming	10.0	No provision	Yes

Table 9

Tuition and Fees - 1984-85
As Reported in AACJC Directory for Public Community Colleges

State	Low	High
Alabama	155	620
Alaska	334	646
Arizona	168	450
Arkansas	522	600
California	100	100
Colorado	402	922
Connecticut	280	642
Delaware	627	627
Florida	432	684
Georgia	675	780
Hawaii	240	255
Idaho	614	650
Illinois	336	864
Indiana	877	1,750
Iowa	630	1,233
Kansas	320	790
Kentucky	468	1,124
Louisiana	394	550
Maine	645	1,592
Maryland	540	1,089
Massachusetts	734	2,445
Michigan	500	1,002
Minnesota	882	1,688
Mississippi	200	620
Missouri	225	576
Montana	390	450
Nebraska	511	872
Nevada	485	660
New Hampshire	1,232	1,500
New Jersey	568	875
New Mexico	20	3,935
New York	583	1,485
North Carolina	167	240
North Dakota	625	1,150
Ohio	720	2,874

Table 9 (cont'd)

State	Low	High
Oklahoma	184	568
Oregon	540	690
Pennsylvania	840	1,144
Rhode Island	740	740
South Carolina	375	940
South Dakota	--	--
Tennessee	518	522
Texas	116	461
Utah	243	786
Vermont	1,030	2,364
Virginia	549	980
Washington	194	705
West Virginia	520	922
Wisconsin	464	1,023
Wyoming	400	445
Range	20	3,935

SECTION IV

Trends

The problems of financing community colleges are different in each state. There are, however, a number of common elements emerging that may be identified much more definitively than has been true in past analyses. Researchers in the past few years (Breneman and Nelson, Garms, Wattenbarger, Lombardi, to name a few) have anticipated increasing difficulty in achieving adequate support for the total mission of community colleges. Some have even suggested that the mission will be changed by incremental legal changes that will result in a new institution, one that is limited in program or in ability to serve fully its clientele. These problems are common to all states.

Institutional budgets reflect institutional problems but collectively, as was pointed out in Section I of this report, those institutional problems are the problems of the state as a whole. The major symptom is an inadequate level of support for the total program. There have been both intentional and unintentional caps placed upon programs that have been traditionally provided through the community colleges. By basing the final allocation on FTE and then by limiting that FTE, legislatures have effectively limited community college activities.

There is some indication of increasing attention to a cost analysis basis for support. Several states have been in a position of allocating differing amounts per FTE in accord with the actual cost of the program. The proposed program in Ohio would apparently be sensitive to many changing conditions such as are indicated in a cost analysis.

The use of a three year average in accomodating declining enrollments is a new technique being advocated in several states. The increasing emphasis on technical and vocational courses have caused several states to consider using contact hours as a basis for allocation of funds instead of credit hours. In some states this may cause a problem; in others it is a viable solution.

Cut backs in state funds have resulted in increases in student fees. Almost all states report some increase. These increases may be as high as a 50% increase or as low as a 4 to 5% increase. The average appears to be around 25-35%. Since student fees vary considerabiy from state to state, the amounts of money are considerably different as well.

Faculty have had to face several types of cut backs when budgets become restricted. Loss or denigration of fringe benefits, frozen salary levels, frozen positions, increases in work load, salary cuts by inflation - all of these have been affecting the faculty's relative position.

Other areas subjected to cut backs in order to save funds include deferred maintenance of existing buildings (even as new buildings are being constructed), transferring a number of courses to a self supporting classification, making a more effective use of instructional techniques and curtialing travel and supplies.

The other alternative to curtailed revenue from state sources is to seek support from other sources: local taxes (a very poor source in the 1980s); student fees (a point of "buyer" resistance may soon if not already affect enrollment and attendance); and gifts and grants (some increased attention to Community College Foundations may be noted). Federal sources have decreased as well so that does not constitute an alternate source.

It is obvious that the taxonomy previously developed in these reports by Wattenbarger and Starnes is no longer appropriate in describing ways in which

funds are allocated. States no longer follow to the same extent the four types used in that taxonomy. The number of states that use negotiated budgets as a method of allocation has increased and there has even been developed a new rationale for this procedure. It is claimed to provide the legislature with a better ability to select priorities and to control emphases on expenditures. The claim is also made that accountability is clear in a negotiated budget process. One may wonder if this is a rationalization for a politically oriented influence in institutional budgets, however.

The new tuition structure as in California, the search for alternatives to FTE oriented formula, the problems of declining enrollments, the inflation factor, the use of part time faculty as a cost saving device, multi-year reallocation formulas, the development of incentives for more efficient management - these are some examples of current problems - all of which present a continued challenge.

Appendix A

A list of the individuals with their recorded phone numbers follow herewith. This list includes those who answered the survey questionnaires plus individuals listed by the AACJC in states not returning the survey.

Correspondent in Each State

State	Name	Phone Number
Alabama	Chris Bond	205-834-2200
Alaska	James A. Reid	907-474-7593
Arizona	Wayne M. McGrath	602-255-4037
Arkansas	John Cooper	501-371-1441
California	Joseph Keating	916-445-7911
Colorado	Donald W. McInnis	303-866-3151
Connecticut	K.H. Summerrer	203-566-8760
Delware	R. Harra	302-736-4057
Florida	Jack R. Eberley	904-488-7926
Georgia	Roger Mosshart	404-656-2233
Hawaii	Joyce S. Tsunoda	808-948-7313
Idaho	Charles D. McQuillen	208-334-3300
Illinois	Melissa Hopp	217-785-0173
Indiana	H. Kent Weldon	317-232-1900
Iowa	Charles R. Moench	515-281-3599
Kansas	John Hanna	913-296-2883
Kentucky	Jack B. Jordan	606-257-4751
Louisiana	Mike Galloway & Larry Tremblay	504-342-4253
Maine	Fred Douglas	207-289-2621
Maryland	Stephen D. Millmann	301-269-2881
Massachusetts	Elisabeth J. Noyes	617-727-7785
Michigan	James H. Folkening	517-373-3360
Minnesota	Douglas Easterling	612-297-4684
Mississippi	George W. Moody	601-359-3513

State	Name	Phone Number
Missouri	Judy Nickery	314-751-2361
Montana	Bill Lannan	406-444-6570
Nebraska	William Fuller	402-471-2847
Nevada	Ron Sparks	702-784-4036
New Hampshire	Charles Green	603-271-2722
New Jersey	Eugene Hutchins	609-984-3980
New Mexico	Porfirid R. Diaz	505-827-8300
New York	David Van Nortwick	518-473-1843
North Carolina	Larry Morgan	919-733-6505
North Dakota	John A. Richardson	701-224-2960
Ohio	Mary Noonan	614-466-6000
Oklahoma	Edward J. Coyle	405-521-2444
Oregon	R.E. Hamill	503-378-8549
Pennsylvania	E.J. Kern	717-787-7013
Rhode Island	Margaret E. Thomas	401-825-2019
South Carolina	Donald R. Peterson	803-758-6965
South Dakota	No community colleges	
Tennessee	William C. Aiken	615-741-4821
Texas	David T. Kelly	512-475-3413
Utah	Don A. Carpenter	801-533-5617
Vermont	Hilton Wick	802-241-2520
Virginia	Brook Aker	804-225-2313
Washington	Harold Jacobsen	206-753-2000
West Virginia	M. Douglas Call & James Schneider	304-348-2101
Wisconsin	Robert P. Sorensen	608-266-1770
Wyoming	Russ Hansen	307-777-7763

Appendix B

This appendix lists the reported amount of funds allocated for state services in the various states reporting and the name of the responsible agency in each state.

Support for State Services
(1983-84 Budget)

State	Amount Support	State Agency
Alabama	800,000 State 200,000 Federal	Alabama State Department of Post-secondary Education
Alaska	None reported	Community colleges, University of Alaska
Arizona	Not available	State Board of Directors for Community Colleges
Arkansas	Not available	Arkansas Department of Higher Education
California	Not available	Board of Governors
Colorado	398,901 not appropriated	Colorado Commission on Higher Education
Connecticut	993,053	Board of Regional Community Colleges
Delaware	Not available	Delaware Technical & Community College
Florida	1,587,908	State Board of Community Colleges
Georgia	Not available	University System of Georgia
Hawaii	No data	
Idaho	No data	
Illinois	1,012,600	Illinois Community College Board
Indiana	325,444	State Board of Vocational Education
Iowa	Not separated from total amount	Department of Public Instruction
Kansas	125,662	State Department of Education
Kentucky	None	University of Kentucky Community College Systems
Louisiana	Not available	Louisiana Board of Regents
Maine	No data	
Maryland	438,208	Maryland State Board for Community Colleges
Massachusetts	Not available	Board of Regents of Higher Education
Michigan	217,000	State Board of Education

State	Amount Support	State Agency
Minnesota	4,578,000	Minnesota Community College System
Mississippi	163,590	State Department of Education
Missouri	100,000 but has no separate community college staff	Coordinating Board for Higher Education
Montana	Not available	Board of Regents
Nebraska	Not available	No State Agency
Nevada	Not available	University of Nevada System
New Hampshire	No data	
New Jersey	346,000	New Jersey Dept. Higher Education
New Mexico	None appropriate	Board of Educational Finance
New York	Not available	State University System of New York
North Carolina	6,709,723	State Department of Community Colleges
North Dakota	No data	State Board of Higher Education
Ohio	None	Ohio Board of Regents
Oklahoma	Not available	Oklahoma State Regents for Higher Education
Oregon	631,800 does not include Vocational Education	Oregon Board of Education
Pennsylvania	None	Commission for Communtiy Colleges
Rhode Island	None	Rhode Island Office of Higher Education
South Carolina	2,073,620	State Board for Technical & Comprehensive Education
South Dakota	No data	
Tennessee	2,715,920 total Board of Regents support	Board of Regents
Texas	Not available	Coordinating Board, Texas College and University System
Utah	No data	
Vermont	No data	
Virginia	None	West Virginia Board of Regents

State	Amount Support	State Agency
Washington	1,614,840	State Board for Community College Education
West Virginia	Approximately 95,000	West Virginia Board of Regents
Wisconsin	No data	Board of Vocational Technical and Adult Education
Wyoming	142,292	Wyoming Community College Commission

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